EP/BDG- n° 2627/Div.

Carlo Comporti
Committee of European Securities Regulators (CESR)
11-13, Avenue de Friedland
75008 Paris

Paris, 30 September 2009

AFG RESPONSE TO CESR'S CONSULTATION ON CLASSIFICATION AND IDENTIFICATION OF OTC DERIVATIVES INSTRUMENTS FOR THE PURPOSE OF THE EXCHANGE OF TRANSACTION REPORTS AMONGST CESR MEMBERS

Ref: CESR/09-618

Dear Mr Comporti,

The Association Française de la Gestion financière (AFG)[1] welcomes CESR's proposal for classification and identification of OTC derivatives instruments. We are glad of the opportunity thus given to express the point of view of the French asset management industry on standardization of OTC instruments data.

1. AFG's general comments

[1] The Association Française de la Gestion financière (AFG)[1] represents the France-based investment management industry, both for collective and discretionary individual portfolio managements.

Our members include 409 management companies. They are entrepreneurial or belong to French or foreign banking or insurance groups.

AFG members are managing 2500 billion euros in the field of investment management, making in particular the French industry *the leader in Europe in terms of financial management location* for collective investments (with nearly 1500 billion euros managed from France, i.e. 22% of all EU investment funds assets under management), wherever the funds are domiciled in the EU, *and second at worldwide level after the US*. In the field of collective investment, our industry includes – beside UCITS – the employee savings schemes and products such as regulated hedge funds/funds of hedge funds as well as a significant part of private equity funds and real estate funds. AFG is of course an active member of the European Fund and Asset Management Association (EFAMA) and of the European Federation for Retirement Provision (EFRP). AFG is also an active member of the International Investment Funds Association (IIFA).

First of all, AFG supports the extension of transaction reports on OTC derivatives whose underlying instrument is traded on a regulated market, given that this measure is consistent with the Market in Financial Instrument Directive (MiFID). The examination of transaction reports obviously help to prevent market abuse and thus will enhance OTC derivatives markets integrity.

AFG also supports the need to standardize the exchange of data on OTC derivatives as it will improve efficiency in OTC markets. However we believe that this standardization effort must be widely endorsed by market participants as OTC derivatives types are very diverse and permanently evolving.

We want also to pinpoint that several studies have underlined the fact that data exchange on OTC derivative transactions is still poorly automatized between market participants despite existing working groups who try to gather a consensus on a standard set of fields to be included in trade confirmations. Therefore CESR should closely consider that this new mandatory transaction reporting would ensure minimal developing and implementing costs for the asset management industry.

2. Questions

Q1. – (Classification system) Do you agree with CESR's proposal? Any comments on CESR's view on this subject?

We agree with the classification type proposed by CESR and we consider that the letter allocation for each type of OTC derivatives included in the classification should not bear any particular difficulty.

Q2 – (Identification method) Do you agree with CESR's proposal? Any comments on CESR's view?

AFG also agrees with CESR proposal to use the set of 7 characteristics to describe the main elements OTC derivatives if no unique identification is insured.

However we suggest that if a unique identification is available (e.g. ISIN code), the relevant data does not need to be reported to TREM as it could be collected by specialized providers, e.g. the central data repository per EU Consultation.

**
*

We remain available for any further questions. Please do not hesitate to contact myself at +33.1.44.94.94.29 (p.bollon@afg.asso.fr) or Eric Pagniez, at +33.1.44.94.94.06 (e.pagniez@afg.asso.fr) or Bertrand du Guerny, at +33.1.44.94.94.31 (b.duguerny@afg.asso.fr).

Sincerely Yours,

Pierre Bollon